Labour Market Notes

Some employment growth at summer's end

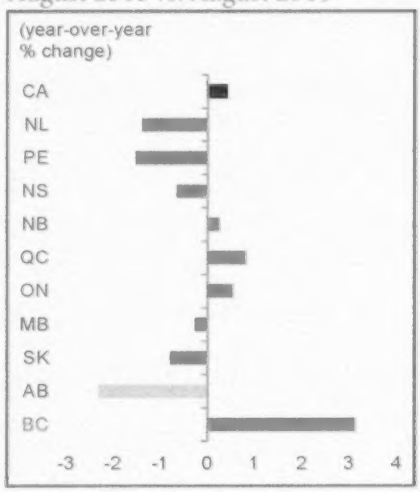
Alberta

- Welcomed uptick in employment. Employment increased by 2,700 in August 2016, the first increase in employment since March 2016.
- Gains for private and public sector employment. The private sector (5,500) and public sector (7,400) both contributed to higher employment. Conversely, the self-employment shrank by 10,200 jobs. All of the jobs gained were full-time (+21,500), while part-time employment fell by 18,700.
- Goods industries still relatively weak. Year-to-date (YTD) employment growth has been hardest hit in the goods sector including Agriculture (-21%); Manufacturing (-17%); Forestry, Fishing, Mining, Oil and Gas (-14%). In the service sector Accommodations and Food Services (-8.7%) has been a weak point, while most other services have been resilient including Educational Services (+9.6%), Info, Culture and Recreation (+6.5%) and Trade (+4.5%). Year-to-date, service sector employment remained up by 1.6%, while goods sector employment was down 10.0%.
- Unemployment rate inches downwards. Alberta's unemployment rate ticked down 0.2 percentage points to 8.4 per cent in August, though its still about one-and-a-half percentage point above the national average.
- Employment still weaker than the last year. Employment was down 2.3% year-over-year (y/y) in August, equivalent to 53,400 fewer jobs than a year ago. Alberta has lost 35,200 jobs so far in 2016.
- Earnings get a slight boost. Average Weekly Earnings (AWE) ticked up 1.7% from the previous month to $1,118.86 in June. However, compared with the previous year earnings remained down 2.4%. Service sector earnings weakened further, down -2.6% y/y. In contrast, goods sector earnings strengthened slightly, rising 1.4% y/y. Lower employment in the high-paying mining, quarrying, oil and gas extraction industry continues to depress earnings.

Canada

- Quebec provides a big boost. Canadian employment was up 26,200 in August. Quebec led the provinces in job growth (21,900), followed by Newfoundland and Labrador (3,900). Conversely, British Columbia and New Brunswick both shed jobs. Year-over-year, Canadian employment was up 77,400 jobs, or 0.4%.
- Unemployment rate ticks up. The Canadian unemployment rate ticked up 0.1 percentage points to 7.0% in August.
- Canadian earnings up from May. Canadian average weekly earnings (AWE) totalled $958 in June, up 0.4% month-over-month. Half of Canada's provinces experienced monthly declines in AWE, while the other five provinces realized modest gains. Canadian earnings were up 0.5% year-over-year as well.

Employment Growth by Province, August 2016 vs. August 2015



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,250,900
month-over-month change	2,700
year-over-year % change	-2.3%
Alberta Unemployment Rate (UR)	8.4%
Edmonton UR**	8.0%
Calgary UR**	9.0%
Participation Rate	72.2%
Average Weekly Earnings (AWE)	$1,118.86
year-over-year % change	-2.4%
Average Hourly Wage	$29.21
year-over-year % change	+0.2%
Job Vacancy Rate***	1.4%

Source: Statistics Canada

* All data is from the August 2016 Labour Force Survey, except AWE which is the June 2016 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for May 2016.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Alberta Government

September 2016
Treasury Board and Finance
Economics and Revenue Forecasting

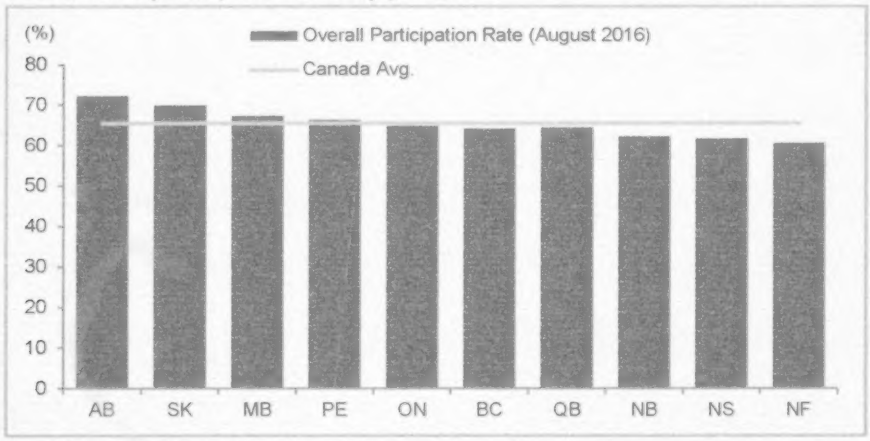
Who's departed the workforce during the downturn?

Alberta's labour force participation tends to fluctuate with economic conditions. The province's participation rate has waned during the current downturn. While the participation rate for prime-aged workers has been fairly stable, those of younger and older workers have declined. This Labour Insight looks at fluctuating participation rates by age group during the current recession.

Participation rate recedes

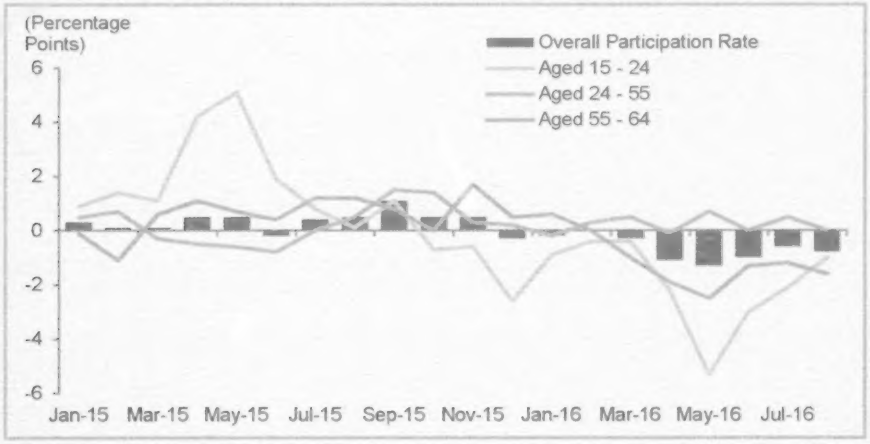
Labour force participation tends to rise and fall in sync with the business cycle; participation usually falls during economic slowdowns and picks up when the outlook improves. Since the onset of the current recession, Alberta's workforce has struggled with shrinking employment and fewer job openings. Facing reduced employment prospects, some workers have become discouraged and exited the labour force altogether. Alberta labour force participation has fallen 0.7 percentage point (pp) since the start of 2015, from 72.9% to 72.2%, with most of the decline occurring this year. However, Alberta's participation rate is still by far the highest across Canada (Chart 1).

Chart 1: Alberta still has the highest participation rate in Canada
Labour force participation rates by province



Source: Statistics Canada

Chart 2: The decline in participation rates has varied by cohort
Year-over-year change in Alberta labour force participation by cohort



Source: Statistics Canada

Participation varies by cohort

Though swings in participation rates affect all cohorts, some age groups display more variable rates than others. Younger workers can depart the workforce and pursue additional education, while older workers can retire early. As such, younger and older workers typically exhibit lower participation rates and are more affected by changing employment conditions. This trend seems to be holding during the current downturn (Chart 2). Although the participation rate for workers aged 15 to 24 has declined since 2008, it has fallen by about 3.0 pp since May 2015. For workers aged 55+ the participation rate has declined to a lesser extent, down by 2.0 pp since May 2015.

Prime aged workers are often the primary income earner for their household, and have less ability to exit the labour force to resume schooling or opt for early retirement like their younger and older colleagues. In contrast to younger and older workers, the participation rate of prime-aged workers between the ages of 25 and 54 has been much higher and more stable, fluctuating between 87% and 88% since the start of 2015.

Have a question or idea for Labour InSight? Send us an *email*.

Contact

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